

CHAPTER 10

Decisions, Assessments, and Periodic Reporting

10.0. Overview

10.0.1. Purpose

This Chapter discusses major program decisions, assessments, and periodic reporting. Generically, it prepares the Program Manager and Milestone Decision Authority to execute their respective oversight responsibilities.

10.0.2. Contents

The chapter starts with overviews of the major decision points and executive reviews associated with a program. It also discusses Integrated Product Teams (IPTs). Other topics include Exit Criteria, Independent Assessments, Information Sharing and DoD Oversight, Management Control, Program Plans, and Periodic Reports. The chapter closes with an overview of the Consolidated Acquisition Reporting System.

10.1. Decision Points

There are two types of decision points: milestone decisions and decision reviews. Each decision point results in a decision to initiate, continue, advance, or terminate a project or program work effort or phase. The review associated with each decision point typically addresses program progress and risk, affordability, program trade-offs, acquisition strategy updates, and the development of exit criteria for the next phase or effort. The type and number of decision points should be tailored to program needs. The Milestone Decision Authority approves the program structure, including the type and number of decision points, as part of the acquisition strategy.

Milestone decision points initiate programs and authorize entry into the major acquisition process phases: Technology Development, System Development and Demonstration, and Production and Deployment. The statutory and regulatory information requirements specified in DoD Instruction 5000.2 support milestone decisions.

Decision reviews assess progress and authorize (or halt) further program activity. The Concept Decision authorizes Concept Refinement; the Design Readiness Review assesses program progress within the System Development and Demonstration phase; and the Full-Rate Production Decision Review (or Deployment Decision Review for Automated Information Systems or software-intensive systems with no developmental hardware) occurs during the Production and Deployment phase.

The information required to support both milestone decision points and decision reviews should be tailored to support the review, but must be consistent with (and not exceed) the requirements specified in DoD Instruction 5000.2.

10.2. Executive Reviews

The following paragraphs address DoD assessment reviews associated with major decision points.

10.2.1. Defense Acquisition Board Review

The Under Secretary of Defense for Acquisition, Technology, and Logistics (USD (AT&L)) is the Defense Acquisition Executive (DAE), and conducts Defense Acquisition Board reviews for Acquisition Category ID programs at major program milestones (and at the Full-Rate Production Decision Review if not delegated) and at other times, as necessary. Whenever possible, these reviews should take place in the context of the existing Integrated Product Team and acquisition milestone decision review processes. An Acquisition Decision Memorandum documents the decision(s) resulting from the review.

The Defense Acquisition Board advises the USD(AT&L)/DAE on critical acquisition decisions. The USD(AT&L) chairs the Defense Acquisition Board, and the Vice Chairman of the Joint Chiefs of Staff serves as co-chair. Defense Acquisition Board members are the following executives: Under Secretary of Defense (Comptroller); Under Secretary of Defense (Policy); Under Secretary of Defense (Personnel & Readiness); Under Secretary of Defense (Intelligence); Assistant Secretary of Defense for Networks and Information Integration/DoD Chief Information Officer; Director, Operational Test & Evaluation; Chairman, Program Analysis and Evaluation; the Secretaries of the Army, the Navy, and the Air Force; and the Director, Acquisition Resources & Analysis (as the DAB Executive Secretary). Defense Acquisition Board advisors include the Principal Deputy USD(AT&L); the Deputy Under Secretary of Defense (Logistics & Material Readiness); the Director, Defense Research & Engineering; the relevant OIPT Leader(s); the Program Executive Officer; the Program Manager; the Chairman, Cost Analysis Improvement Group; the Director, Defense Procurement and Acquisition Policy; DoD General Counsel; the Deputy Under Secretary of Defense (Industrial Policy); the DoD Component Acquisition Executives; Commander, United States Joint Forces Command; and the Chair, Functional Capabilities Board(s). The USD(AT&L)/DAE may ask other department officials to participate in reviews, as required.

10.2.2. Information Technology Acquisition Board Reviews

Information Technology Acquisition Board Reviews provide the forum for approving Acquisition Category IAM milestones; deciding critical Acquisition Category IAM issues when they cannot be resolved at the Overarching Integrated Product Team level; and for enabling the execution of the DoD Chief Information Officer's acquisition-related responsibilities for Information Technology, including National Security Systems, under Title 10 and the Clinger-Cohen Act. Whenever possible, these reviews should take place in the context of the existing Integrated Product Team and acquisition milestone review process. An Acquisition Decision Memorandum documents the decision(s) resulting from the review.

Information Technology Acquisition Board Reviews should focus on key principles such as:

- Support of mission needs as described in the Strategic Planning Guidance and the Joint Programming Guidance, Joint Vision 2020, the DoD Information Management Strategic Plan, the operational view of the approved Global Information Grid (GIG) Integrated Architecture, and the approved GIG Capstone Requirements Document.
- Compliance with GIG-related policies and the approved GIG Integrated Architecture.
- Net-centric readiness plans and status implications of program and budget decisions/alternatives.

Information Technology Acquisition Board members are the following department officials: the Deputy DoD Chief Information Officer; Information Technology Overarching Integrated Product Team Leader; Cognizant Program Executive Officer(s) and Program Manager(s); Cognizant OSD Principal Staff Assistant(s); the Under Secretary of Defense (Comptroller) (Director, Program Budget and Deputy Chief Financial Officer, the Under Secretary of Defense (Personnel & Readiness); the Director, Operational Test & Evaluation; the Director, Program Analysis and Evaluation; the Director, Force Structure (J8); the Component Acquisition Executives of the Army, Navy, and Air Force; DoD General Counsel; the Deputy Director, Developmental Test & Evaluation; the Director, Defense Procurement and Acquisition Policy; and DoD Component User Representatives,

Information Technology Acquisition Board advisors include the Under Secretary of Defense (Policy); the Under Secretary of Defense (Intelligence); the Domain Owner; Component CIOs; the Director, Defense Intelligence Agency; the Chairman, Cost Analysis Improvement Group; the Director, Defense Procurement and Acquisition Policy; Representatives of the Joint Staff; the Deputy Under Secretary of Defense (Logistics and Material Readiness); the Deputy Under Secretary of Defense (Installations and Environment); the Deputy Under Secretary of Defense (Industrial Policy); the Director, International Cooperation; and the Director, Acquisition Resources and Analysis.

The DoD Chief Information Officer may ask other Department officials to participate in reviews, as required.

10.2.3. Joint Requirements Oversight Council (JROC)

The JROC reviews programs designated as JROC interest and supports the acquisition review process. In accordance with the CJCS Instruction 3170.01, the Joint Staff reviews all Joint Capabilities Integration and Development System documents and assigns a Joint Potential Designator. The JROC charts Functional Capabilities Boards. The boards are chaired by a JROC-designated chair and, for appropriate topics, co-chaired by a representative of the Milestone Decision Authority. Functional Capabilities Boards are the lead coordinating bodies to ensure that the joint force is best served throughout the Joint Capabilities Integration and Development System and acquisition processes. The Joint Capabilities Integration and Development System process encourages early and continuous collaboration with the acquisition community to ensure that new capabilities are conceived and developed in the joint warfighting context. The JROC, at its discretion, may review any Joint Capabilities Integration and Development System issues which may have joint interest or impact. The JROC will also review programs at the request of, and make recommendations as appropriate to, the Secretary of Defense, Deputy Secretary of Defense, Under Secretary of Defense (Acquisition, Technology, and Logistics), Assistant Secretary of Defense (Networks and Information Integration), and the Under Secretary of the Air Force (as DoD Space Milestone Decision Authority). The JROC also validates key performance parameters.

10.2.4. DoD Component Program Decision Review Processes

The decision review processes discussed in this section deal specifically with Acquisition Category ID and Acquisition Category IAM programs and selected Pre-Major Defense Acquisition Programs/Pre-Major Automated Information System Programs. DoD Component Acquisition Executives will develop tailored procedures that meet statutory intent for programs under their cognizance.

10.3. Role of Integrated Product Teams (IPTs)

Defense acquisition works best when all of the DoD Components work together. Cooperation and empowerment are essential. Per DoD Directive 5000.1, the Department's acquisition community shall implement the concepts of Integrated Product and Process Development (IPPD) and IPTs as extensively as possible. (See Rules of the Road: A Guide for Leading Successful Integrated Product Teams)

IPTs are an integral part of the Defense acquisition oversight and review process. For Acquisition Category ID and IAM programs, there are generally two levels of IPT: the Overarching Integrated Product Team and the Working-level Integrated Product Team(s). Each program should have an OIPT and at least one WIPT. WIPTs should focus on a particular topic such as cost/performance, test, or contracting. An Integrating Integrated Product Team (IIPT), which is itself a WIPT, should coordinate WIPT efforts and cover all topics not otherwise assigned to another IPT. IPT participation is the primary way for any organization to participate in the acquisition program.

10.3.1. Overarching IPT (OIPT) Procedures and Assessment

All Acquisition Category ID and IAM programs will have an OIPT to provide assistance, oversight, and review as the program proceeds through its acquisition life cycle. An appropriate official within OSD, typically the Director, Defense Systems or the Deputy to the ASD(NII) for C4ISR and IT Acquisition, will lead the OIPT for Acquisition Category ID programs. The Deputy to the ASD(NII) for C4ISR and IT Acquisition also leads the OIPT for Acquisition Category IAM programs. The OIPT for Acquisition Category IAM programs is called the Information Technology OIPT. OIPTs should include the Program Manager, Program Executive Officer, DoD Component Staff, Joint Staff, and OSD staff involved in oversight and review of the particular Acquisition Category ID or IAM program. Other OIPTs, specifically those for Chem Bio and Space, will be lead and directed by similar executives.

The OIPT should form upon departmental intention to start an acquisition program. The OIPT charts the Integrating Integrated Product Team and Working-level Integrated Product Teams. The OIPT should consider the recommendations of the Integrating Integrated Product Team regarding the appropriate milestone for program initiation and the minimum information needed for the program initiation milestone review. OIPTs should meet, thereafter, as necessary over the life of the program. The OIPT leader should act to resolve issues when requested by any member of the OIPT, or when so directed by the Milestone Decision Authority. The goal is to resolve as many issues and concerns at the lowest level possible, and to expeditiously escalate issues that need resolution at a higher level. The OIPT should bring only the highest-level issues to the Milestone Decision Authority for decision.

The OIPT should normally convene 2 weeks before a planned decision point. It should assess the information and recommendations that the Milestone Decision Authority will receive. It should also assess family-of-system or system-of-system capabilities within and between functional portfolios (or areas) in support of integrated architectures developed by the Joint Staff in collaboration with the OSD, USAF (as DoD Space Milestone Decision Authority), and the DoD Components. If the program includes a pilot project, such as Total Ownership Cost Reduction, the Program Manager should report the status of the project to the OIPT. The OIPT should then assess progress against stated goals. The Program Manager's briefing to the OIPT should address interoperability and supportability (including spectrum supportability) with other systems, anti-tamper provisions, and indicate whether

those requirements will be satisfied by the acquisition strategy under review. If the program is part of a family-of-systems architecture, the Program Manager should brief the OIPT in that context. If the architecture includes less than Acquisition Category I programs that are key to achieving the expected operational capability, the Program Manager should also discuss the status of and dependence on those programs. The OIPT should review the programmatic risk issues of cost, schedule, and performance. The OIPT leader should recommend to the Milestone Decision Authority whether the anticipated review should go forward as planned.

For Acquisition Category ID decision points, the OIPT leader will provide the Defense Acquisition Board chair, co-chair, principals, and advisors with an integrated assessment using information gathered through the IPPD process. The OIPT assessment should focus on core acquisition management issues and should consider independent assessments, including technology readiness assessments, which the OIPT members normally prepare. These assessments typically occur in context of the OIPT review, and should be reflected in the OIPT leader's report. There should be no surprises at this point—all team members should work issues in real time and should be knowledgeable of their OIPT leader's assessment. OIPT and other staff members should minimize requirements for the program manager to provide pre-briefs independent of the OIPT process.

10.3.2. WIPT Procedures, Roles, and Responsibilities

Program manager, or designee, should form and lead an IIPT to support the development of strategies for acquisition and contracts, cost estimates, evaluation of alternatives, logistics management, training, cost-performance trade-offs, etc. Program manager, assisted by the IIPT, should develop a WIPT structure and propose the structure to the OIPT. The IIPT should coordinate the activities of the WIPTs and review issues they do not address. WIPTs should meet as required to help the program manager plan program structure and documentation and resolve issues. While there is no one-size-fits-all WIPT approach, the following basic tenets should apply:

- Program manager is in charge of the program.
- WIPTs are advisory bodies to the program manager.
- Direct communication between the program office and all levels in the acquisition oversight and review process is expected as a means of exchanging information and building trust.

Program manager or the program manager's representative should normally lead each WIPT. At the invitation of the program manager, an OSD action officer may co-chair WIPT meetings. The following roles and responsibilities should apply to all WIPTs:

- Assist the program manager in developing strategies and in program planning, as requested by the program manager.
- Establish a WIPT plan of action and milestones.
- Propose tailored documentation and milestone requirements.
- Review and provide early input to documents.
- Coordinate WIPT activities with the OIPT members.
- Resolve or elevate issues in a timely manner.
- Assume responsibility to obtain principals' concurrences on issues, documents, or portions of documents.

IPTs are critical to program success, and training is critical to IPT success. All IPT members for Acquisition Category ID and Acquisition Category IAM programs should receive formal, team-specific training and, as necessary, general IPT procedural training.

The Acquisition Community Connection web site has additional information about WIPTs.

10.3.3. Industry Participation

Industry representatives may be invited to a WIPT or IIPT meeting to provide information, advice, and recommendations to the IPT; however, the following policy should govern their participation:

- Industry representatives will not be formal members of the IPT.
- Industry participation will be consistent with the Federal Advisory Committee Act.
- Industry representatives may not be present during IPT deliberations on acquisition strategy or competition sensitive matters, nor during any other discussions that would give them a marketing or competitive advantage.
- At the beginning of each meeting, the IPT chair should introduce each industry representative, including their affiliation, and their purpose for attending.
- The chair should inform the IPT members of the need to restrict discussions while industry representatives are in the room, and/or the chair should request the industry representatives to leave before matters are discussed that are inappropriate for them to hear.
- Support contractors may participate in WIPTs and IIPTs, but they may not commit the organization they support to a specific position. The organizations they support are responsible for ensuring the support contractors are employed in ways that do not create the potential for an organizational conflict of interest. Contractors supporting staff organizations may participate in Overarching Integrated Product Team (OIPT) discussions; however, they will not be permitted to represent the position of the supported organization and they may be asked to sign non-disclosure statements.

Given the sensitive nature of OIPT discussions, neither industry representatives nor support contractors may participate in OIPT discussions. However, the OIPT leader may permit contractors to make presentations to the OIPT when such views will better inform the OIPT, and will not involve the contractors directly in Government decision making.

10.4. Role of Exit Criteria

Milestone Decision Authorities should use exit criteria, when appropriate, to establish goals for Acquisition Category I and Acquisition Category IA programs during an acquisition phase. At each milestone decision point and at each decision review, the program manager, in collaboration with the IPT, will develop and propose exit criteria appropriate to the next phase or effort of the program. The OIPT will review the proposed exit criteria and make a recommendation to the Milestone Decision Authority. Exit criteria approved by the Milestone Decision Authority will be published in the ADM.

System-specific exit criteria normally track progress in important technical, schedule, or management risk areas. Unless waived, or modified by the Milestone Decision Authority, exit criteria must be substantially satisfied for the program to continue with additional activities within an acquisition phase or to proceed into the next acquisition phase.

(depending on the decision with which they are associated). Exit criteria should not be part of the APB and are not intended to repeat or replace APB requirements or the phase-specific entrance criteria specified in DoD Instruction 5000.2. They should not cause program deviations. Status of approved exit criteria will be reported in the Defense Acquisition Executive Summary.

10.5. Role of Independent Assessments

Assessments, independent of the developer and the user, ensure an impartial evaluation of program status. However, requirements for independent assessments (for example, the independent cost estimate or technology readiness assessment) must be consistent with statutory requirements and good management practice. Senior acquisition officials should consider these assessments when making acquisition decisions. Staff offices that provide independent assessments should support the orderly and timely progression of programs through the acquisition process. IPTs should have access to independent assessments to enable full and open discussion of issues.

10.5.1. Independent Cost Estimate

10 USC 2434 requires that an independent life-cycle cost be prepared and provided to the milestone decision authority before the approval of a major defense acquisition program to proceed with either system development and demonstration, or production and deployment.

The OSD CAIG prepares the independent cost estimate and provides an assessment on the program's life-cycle cost to the Milestone Decision Authority.

10.5.2. Technology Maturity and Technology Readiness Assessments

Technology maturity is a measure of the degree to which proposed critical technologies meet program objectives; and, is a principal element of program risk. A technology readiness assessment examines program concepts, technology requirements, and demonstrated technology capabilities in order to determine technological maturity.

The program manager should identify critical technologies via the Work Breakdown Structure. In order to provide useful technology maturity information to the acquisition review process, technology readiness assessments of critical technologies and identification of Critical Program Information (CPI) must be completed prior to Milestone Decision points B and C.

The DoD Component Science and Technology (S&T) Executive directs the technology readiness assessment and, for Acquisition Category ID and Acquisition Category IAM programs, submits the findings to the CAE who should submit his or her report to the DUSD(S&T) with a recommended technology readiness level (TRL) (or some equivalent assessment) for each critical technology. When the DoD Component S&T Executive submits his or her findings to the CAE, he or she should provide the DUSD(S&T) an information copy of those findings. In cooperation with the DoD Component S&T Executive and the program office, the DUSD(S&T) should evaluate the technology readiness assessment and, if he/she concurs, forward findings to the OIPT leader and DAB. If the DUSD(S&T) does not concur with the technology readiness assessment findings, an independent technology readiness

assessment, under the direction of the DUSD(S&T), should be required. A summary table of TRL descriptions, Table 10.5.2.1, follows:

Technology Readiness Level	Description
1. Basic principles observed and reported.	Lowest level of technology readiness. Scientific research begins to be translated into applied research and development. Examples might include paper studies of a technology's basic properties.
2. Technology concept and/or application formulated.	Invention begins. Once basic principles are observed, practical applications can be invented. Applications are speculative and there may be no proof or detailed analysis to support the assumptions. Examples are limited to analytic studies.
3. Analytical and experimental critical function and/or characteristic proof of concept.	Active research and development is initiated. This includes analytical studies and laboratory studies to physically validate analytical predictions of separate elements of the technology. Examples include components that are not yet integrated or representative.
4. Component and/or breadboard validation in laboratory environment.	Basic technological components are integrated to establish that they will work together. This is relatively "low fidelity" compared to the eventual system. Examples include integration of "ad hoc" hardware in the laboratory.
5. Component and/or breadboard validation in relevant environment.	Fidelity of breadboard technology increases significantly. The basic technological components are integrated with reasonably realistic supporting elements so it can be tested in a simulated environment. Examples include "high fidelity" laboratory integration of components.
6. System/subsystem model or prototype demonstration in a relevant environment.	Representative model or prototype system, which is well beyond that of TRL 5, is tested in a relevant environment. Represents a major step up in a technology's demonstrated readiness. Examples include testing a prototype in a high-fidelity laboratory environment or in simulated operational environment.
7. System prototype demonstration in an operational environment.	Prototype near, or at, planned operational system. Represents a major step up from TRL 6, requiring demonstration of an actual system prototype in an operational environment such as an aircraft, vehicle, or space. Examples include testing the prototype in a test bed aircraft.
8. Actual system completed and qualified through test and demonstration.	Technology has been proven to work in its final form and under expected conditions. In almost all cases, this TRL represents the end of true system development. Examples include developmental test and evaluation of the system in its intended weapon system to determine if it meets design specifications.

9. Actual system proven through successful mission operations.	Actual application of the technology in its final form and under mission conditions, such as those encountered in operational test and evaluation. Examples include using the system under operational mission conditions.
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Table 10.5.2.1. TRL Descriptions

The use of TRLs enables consistent, uniform, discussions of technical maturity across different types of technologies. Decision authorities will consider the recommended TRLs (or some equivalent assessment methodology, e.g., Willoughby templates) when assessing program risk. TRLs are a measure of technical maturity. They do not discuss the probability of occurrence (i.e., the likelihood of attaining required maturity) or the impact of not achieving technology maturity.

For additional information, see the on-line TRA Handbook.

10.6. Information Sharing and DoD Oversight

10.6.1. Program Information

It is DoD policy to keep reporting requirements to a minimum. Nevertheless, complete and current program information is essential to the acquisition process. Consistent with the tables of required regulatory and statutory information in DoD Instruction 5000.2, decision authorities should require program managers and other participants in the defense acquisition process to present only the minimum information necessary to understand program status and make informed decisions. The Milestone Decision Authority should “tailor-in” program information case-by-case, as necessary. IPTs should facilitate the management and exchange of program information.

The program manager, the DoD Component, or the OSD staff prepares most program information. Some information requires approval by an acquisition executive. Other information is for consideration only. In most cases, information content and availability is more important than format.

Program Managers may use stand-alone documents or a single document to submit mandatory information. If the program manager submits stand-alone documents, the program manager should minimize redundancy and not include the same information in each document.

Unless otherwise specified, all plans, waivers, certifications and reports of findings referred to in this Guidebook are exempt from licensing under one or more exemption provisions of DoD 8910.1-M.

10.6.2. Life-Cycle Management of Information

Program managers will comply with record keeping responsibilities under the Federal Records Act for the information collected and retained in the form of electronic records. (See DoD Directive 5015.2.) Electronic record keeping systems should preserve the information submitted, as required by 44 U.S.C. 3101, and implementing regulations. Electronic record

keeping systems should also provide, wherever appropriate, for the electronic acknowledgment of electronic filings that are successfully submitted. Program managers should consider the record keeping functionality of any systems that store electronic documents and electronic signatures to ensure users have appropriate access to the information and can meet the Agency's record keeping needs.

10.6.3. Classification and Management of Sensitive Information

Program managers should review their programs to identify and document critical program information (CPI) requiring protection (DoD Directive 5200.39).

Program managers should also review their programs to identify controlled unclassified information (CUI). (CUI includes "FOUO" information as defined in DoD 5400.7-R and information with other approved markings requiring dissemination controls that are exempt from mandatory disclosure under the Freedom of Information Act (e.g., DoD Directive 5230.24, DoD Directive 5230.25, and Export Control Act.))

When necessary, program managers should develop security classification guides (SCGs) in accordance with DoD 5200.1-R.

10.7. Management Control

Program managers will implement internal management controls in accordance with DoD Directive 5000.1, DoD Instruction 5000.2, and DoD Directive 5010.38. APB parameters should serve as control objectives. Program managers should identify deviations from approved APB parameters and exit criteria as material weaknesses. Program managers should focus on results, not process.

Program managers will ensure that obligations and costs comply with applicable law. They should safeguard assets against waste, loss, unauthorized use, and misappropriation; properly record and account for expenditures; maintain accountability over assets; and quickly correct identified weaknesses.

10.8. Program Plans

Program plans describe the detailed activities of the acquisition program. Except as specified by DoD Instruction 5000.2, the program manager (in coordination with the Milestone Decision Authority and Program Executive Officer) should determine the type and number of program plans needed to manage program execution.

10.9. Periodic Reports

Periodic reports should include only those reports required by the Milestone Decision Authority or statute. Except for the reports outlined in this section, the Milestone Decision Authority should tailor the scope and formality of reporting requirements.

10.9.1. Acquisition Program Baseline (APB) Reporting

10.9.1.1. Program Deviations

The program manager should maintain a current DoD Component and/or Program Manager estimate of the program being executed. This “current estimate” should reflect the President's Budget, adjusted for fact-of-life changes (i.e., already happened or unavoidable). The program manager should immediately notify the Milestone Decision Authority when a program deviation occurs. (See 10 USC 2433.)

10.9.1.2. Information Technology (IT) Program Deviations

40 USC 1427 requires the Component Acquisition Executive to identify, in the DoD Strategic Information Resource Management Plan, major IT acquisition programs that have significantly deviated from the cost, performance, or schedule goals established for the program.

10.9.1.3. Current Estimate

Program managers will report the current estimate of each APB parameter periodically to the Milestone Decision Authority. The Milestone Decision Authority will direct the frequency of the reporting. Program Managers will report current estimates for Acquisition Category I and IA programs quarterly in the DAES.

10.9.1.4. Program Deviation Reporting

When the program manager has reason to believe that the current estimate for the program indicates that a performance, schedule, or cost threshold value will not be achieved, he or she will immediately notify the Milestone Decision Authority of the deviation. Within 30 days of the occurrence of the program deviation, the program manager will notify the Milestone Decision Authority of the reason for the program deviation and the actions that need to be taken to bring the program back within the baseline parameters (if this information was not included with the original notification). Within 90 days of the occurrence of the program deviation, one of the following should have occurred: the program is back within APB parameters; a new APB (changing only those parameters that were breached) has been approved; or an OIPT-level program review has been conducted to review the program manager's proposed baseline revisions and make recommendations to the Milestone Decision Authority.

For Acquisition Category I programs, if one of the above three actions has not occurred within 90 days of the program deviation, the USD(AT&L) for Acquisition Category ID programs, the ASD(NII) for Acquisition Category IAM programs, or the CAE, for Acquisition Category IC and/or Acquisition Category IAC programs, should hold a formal program review to determine program status.

10.9.2. Selected Acquisition Report (SAR)

In accordance with 10 U.S.C. 2432, the Secretary of Defense will submit a SAR to Congress for all Acquisition Category I programs. The program manager will use CARS software to prepare the SAR.

10.9.2.1. SAR Content and Submission

The SAR reports the status of total program cost, schedule, and performance, as well as program unit cost and unit cost breach information. For joint programs, the SAR reports the information by participant. Each SAR will include a full, life-cycle cost analysis for the reporting program, each of its evolutionary increments, as available, and for its antecedent program, if applicable.

The SAR for the quarter ending December 31 is the annual SAR. The program manager will submit the annual SAR within 60 days after the President transmits the following fiscal year's budget to Congress. Annual SARs will reflect the President's Budget and supporting documentation. The annual SAR is mandatory for all programs that meet SAR reporting criteria.

The program manager will submit SARs for the quarters ending March 31, June 30, and September 30 not later than 45 days after the quarter ends. Quarterly SARs are reported on an exception basis, as follows:

- The current estimate exceeds the Program Acquisition Unit Cost (PAUC) objective or the Average Procurement Unit Cost (APUC) objective of the currently approved APB, both in base-year dollars, by 15 percent or more;
- The current estimate includes a 6-month or greater delay, for any schedule parameter, that occurred since the current estimate reported in the previous SAR;
- Milestone B or Milestone C approval occurs within the reportable quarter.
- Pre-Milestone B projects may submit RDT&E-only reports, excluding procurement, military construction, and acquisition-related operations and maintenance costs. DoD Components should notify USD(AT&L) with names of the projects for which they intend to submit RDT&E-only SARs 30 days before the reporting quarter ends. USD(AT&L) should so notify Congress 15 days before reports are due.

Whenever USD(AT&L) proposes changes to the content of a SAR, he or she will submit notice of the proposed changes to the Armed Services Committees of the Senate and House of Representatives. USD(AT&L) may consider the changes approved, and incorporate them into the report, 60 days after the committees receive the change notice.

10.9.2.2. SAR Waivers

The Secretary of Defense may waive the requirement for submission of a SAR for a program for a fiscal year if:

- The program has not entered system development and demonstration;
- A reasonable cost estimate has not been established for the program; and,
- The system configuration for the program is not well defined.

As delegated by the Secretary of Defense, USD(AT&L) will submit a written notification of each waiver for a fiscal year to the Armed Services Committees of the Senate and House of Representatives not later than 60 days before the President submits the budget to Congress, pursuant to 31 U.S.C. 1105, in that fiscal year.

10.9.2.3. SAR Termination

USD(AT&L) will consider terminating SAR reporting when 90 percent of expected production deliveries or planned acquisition expenditures have been made, or when the program is no longer considered an Acquisition Category I program in accordance with 10 U.S.C. 2432.

10.9.3. Unit Cost Reports (UCR)

In accordance with 10 U.S.C. 2433, the program manager will prepare UCRs for all Acquisition Category I programs submitting SARs, except pre-Milestone B programs that are reporting RDT&E costs only.

10.9.3.1. UCR Content and Submission

The program manager will submit a written report on the unit costs of the program to the CAE on a quarterly basis. The written report should be in the DAES. The program manager should submit the report by the last working day of the quarter, in accordance with DAES submission procedures. Reporting should begin with submission of the initial SAR, and terminate with submission of the final SAR. Each report should include the current estimate of the PAUC and the APUC (in base-year dollars); cost and schedule variances, in dollars, for each of the major contracts since entering the contract; and all changes that the program manager knows or expects to occur to program schedule or performance parameters, as compared to the currently approved APB.

10.9.3.2. UCR Breach Reporting

The program manager will notify the CAE immediately, whenever he or she has reasonable cause to believe that the current estimate of either the PAUC or APUC (in base-year dollars) has increased by 15 percent (or more) over the PAUC or APUC objective of the currently approved APB (in base-year dollars), respectively. (This is a Congressionally-reportable unit-cost breach.)

If the CAE determines that there is an increase in the current estimate of the PAUC or APUC cost of at least 15 percent over the currently approved APB, the CAE should inform USD(AT&L) and the cognizant Head of the DoD Component. If the cognizant Head of the DoD Component subsequently determines that there is, in fact, an increase in the current estimate of the PAUC or APUC of at least 15 percent over the currently approved APB, the Head of the DoD Component will notify Congress, in writing, of a breach. The notification will be not later than 45 days after the end of the quarter, in the case of a quarterly report; or not later than 45 days after the date of the report, in the case of the reasonable cause report. In either case, notification will include the date that the Head of the DoD Component made the determination.

In addition, the Head of the DoD Component will submit a SAR for either the fiscal year quarter ending on or after the determination date, or for the fiscal year quarter that immediately precedes the fiscal year quarter ending on or after the determination date. This SAR should contain the additional, breach-related information.

If the current estimate of the PAUC or APUC increases by at least 25 percent over the PAUC or APUC objective of the currently approved APB, USD(AT&L) must submit a written

certification to Congress before the end of the 30 day period beginning on the day the SAR containing the unit cost information is required to be submitted to Congress. The certification must state the following:

- Such acquisition program is essential to the national security.
- There are no alternative programs that will provide equal or greater military capability at less cost.
- The new estimates of the PAUC or APUC are reasonable.
- The management structure for the acquisition program is adequate to manage and control the PAUC and the APUC.

If the Head of the DoD Component makes a determination of either a PAUC or APUC increase of 15 percent or more, and a SAR containing the additional unit-cost breach information is not submitted to Congress as required; or if the Head of the DoD Component makes a determination of a 25 percent increase in the PAUC or APUC, and a certification by the USD(AT&L) is not submitted to Congress as required; funds appropriated for RDT&E, procurement, or military construction may not be obligated for a major contract under the program. An increase in the PAUC or APUC of 25 percent or more resulting from the termination or cancellation of an entire program will not require USD(AT&L) program certification.

10.9.4. Defense Acquisition Executive Summary (DAES)

The DAES is a multi-part document, reporting program information and assessments; program manager, Program Executive Officer, CAE comments; and cost and funding data. The DAES provides an early-warning report to USD(AT&L) and ASD(NII). The DAES describes actual program problems, warns of potential program problems, and describes mitigating actions taken or planned. The program manager may obtain permission from USD(AT&L) or ASD(NII) to tailor DAES content. At minimum, the DAES should report program assessments (including interoperability), unit costs (10 U.S.C. 2433), and current estimates. It should also report the status of exit criteria and vulnerability assessments (31 U.S.C. 9106).

The DAES should present total costs and quantities for all years, as projected, through the end of the current acquisition phase. In keeping with the concept of total program reporting, the DAES should present best estimates for costs beyond the FYDP, if the FYDP does not otherwise identify those costs. (The total program concept refers to system acquisition activities from Program Initiation through Production and Deployment.) The DAES should also report approved program funding for programs that are subsystems to platforms and whose procurement is reported in the platform budget line.

The Office of USD(AT&L), the Office of ASD(NII), the Offices of DoD CAEs, CIOs, and Program Executive Officers, and the program office should each establish DAES focal points.

10.9.4.1. DAES Reporting

USD(AT&L) will designate Acquisition Category I programs subject to DAES reporting and assign each program to a quarterly reporting group. ASD(NII) will designate Acquisition Category IA programs subject to DAES reporting and assign each program to a quarterly reporting group. Program managers will use CARS software to prepare the DAES, and submit both hard and electronic copies to USD(AT&L) by the last working day of the program's designated quarterly reporting month. Acquisition Category IA programs will submit an electronic copy of their DAES report to ASD(NII) 30 days after the end of the quarter. Program managers should not delay the DAES for any reason.

10.9.4.2. Out-of-Cycle DAES Reporting

There are two types of out-of-cycle DAES:

- The program manager should submit a DAES when there is reasonable cause to believe that a Nunn-McCurdy unit cost breach has occurred or will occur (10 U.S.C. 2433 (c) (reference). (Submitting DAES sections 5, 6.2, and 7, block #28, satisfy this requirement.)
- If submission of the DoD Component's POM or BES causes the program to deviate from the approved APB thresholds, the program manager will submit DAES sections 5, 6.2, and 8.

10.9.4.3. Consistency of DAES Information

DAES information should be consistent with the information in the latest ADM, APB, and other mandatory or approved program documentation.

10.10. Consolidated Acquisition Reporting System (CARS)

The Consolidated Acquisition Reporting System (CARS) is a personal computer-based data entry and reporting system combining both common and unique Defense Acquisition Executive Summary (DAES) and Selected Acquisition Report (SAR), and Acquisition Program Baseline (APB) components into a unified database from which DAES and SAR reports and APB documents can be printed.

Based upon an OSD enterprise decision, the use of CARS is mandatory for all MDAPs and MAIS acquisition programs, and must be employed to satisfy statutory requirements for SAR submission. However, non-MDAP and non-MAIS programs may also use the system.

CARS has three reporting modules that generate the APB, the SAR, and the DAES. The DAES and SAR include quarterly unit cost and unit cost breach exception reporting, respectively. Analysis routines are also included (for example, the Computational Module that supports the SAR cost change calculations, and SAR and DAES data checks). The Director, Acquisition Resources and Analysis, maintains a CARS "help line" for user support.

A unique program number (PNO) identification system controls the use of CARS. The Office of USD(AT&L) focal point assigns a PNO to each using Acquisition Category I program. The Office of ASD(NII) focal point assigns a PNO to each using Acquisition Category IA program.

The CARS software specifies the format of the APB, SAR, and DAES, except for narrative or memo-type information.

The three reporting modules share some, but not all, of the CARS data. For example, the DAES and SAR incorporate the APB parameters. The modules also share some contract information.

Only the appropriate Office of USD(AT&L) or DoD Component focal point can edit some of the CARS information, such as the SAR baseline and APB. The Milestone Decision Authority must approve SAR baseline and APB changes. The appropriate Office of USD(AT&L) or DoD Component focal point distributes disks containing the revised or new information.

The Director, Acquisition Resources and Analysis, has responsibility for the development, upgrade, and maintenance of CARS. Direct questions and requests for copies of the software should be directed to that organization. The CARS software includes mandatory instructions for preparing the APB, SAR, DAES, and UCR, including administrative procedures. The CARS web page also has the instructions.